



The President's Daily Brief

February 24, 1975

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FOR THE PRESIDENT ONLY

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CANADA

Prime Minister Trudeau departs later this week for his second round of talks with West European leaders in a continued effort to lessen Canadian dependence on the US.

The trip, which will begin on Thursday, will include stops in The Hague, Bonn, Rome, London, and Dublin. Trudeau visited Paris and Brussels last December, but held off visiting other West European capitals until he restored normal relations with the French. Ties between Ottawa and Paris had been cool ever since former president De Gaulle in 1967 advocated independence for Quebec.

The Prime Minister views the forthcoming discussions as a general review of problems facing the Western nations and does not intend to seek specific agreements. He will, however, continue to push for institutional ties between Canada and the EC, although the Nine are reluctant to begin negotiations at this time. He will also make a point of advocating stronger nuclear safeguards and is likely to urge the Euratom members, which signed the Non-Proliferation Treaty, to complete ratification without delay.

The European leaders, for their part, will be concerned over the effects of the Canadian government's defense review on NATO. They undoubtedly will urge Trudeau to maintain Canada's military commitments toward Europe.

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ETHIOPIA - ARAB STATES

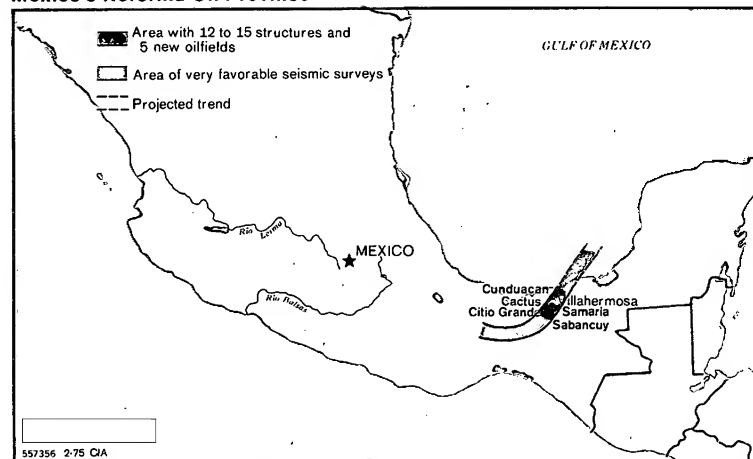
*Arab aid for the rebels in Ethiopia's
Eritrea Province may be increased.*

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In Beirut, Osman Saleh Sabbe, the leader of one of the two main factions of the rebel movement, rejected the reported plan of a group of Eritrean notables living in Addis Ababa to try to arrange negotiations between the ruling military and the rebels. The council itself may not have approved the scheme.

Light fighting was reported in Eritrea Province over the weekend. Air force planes continue to bomb suspected rebel positions on the outskirts of Asmara.

Mexico's Reforma Oil Province



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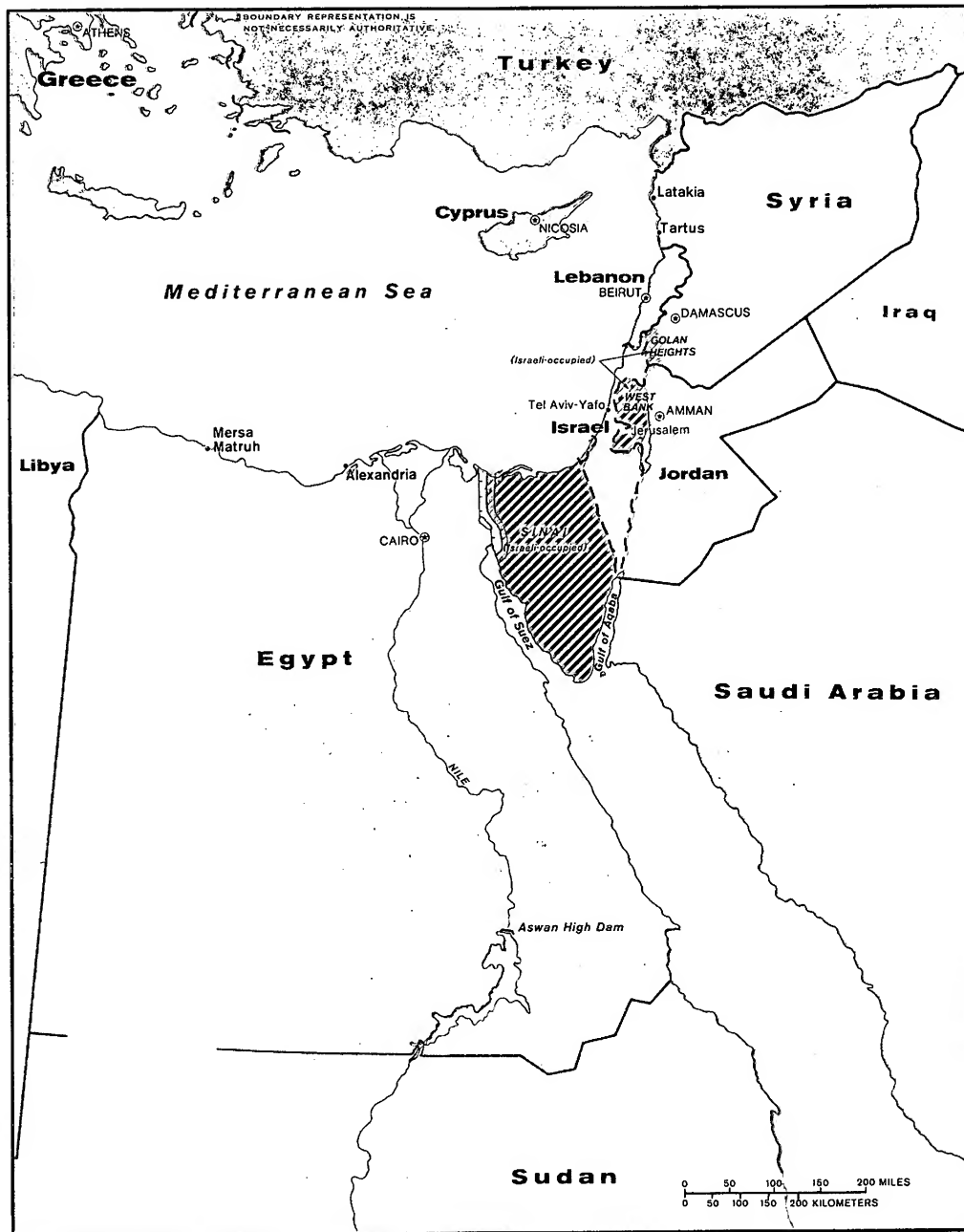
Mexico's chief petroleum reservoir engineer recently said that the rich Tabasco-Chiapas oil discoveries may extend 50 miles offshore into the Gulf of Mexico.

At last count, 61 of 68 wells drilled in the onshore fields were successful. Onshore proved and probable reserves are now on the order of 18-20 billion barrels. There is a growing belief that all five major fields in the Reforma area--Sabancuy, Citio Grande, Cactus, Samaria, and Cunduacan--actually constitute one enormous reservoir. If so, and if the pool extends offshore, as seems highly likely, Mexico's new oil reserves could approach Persian Gulf dimensions.

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The Spanish government's arrest of two army officers in Barcelona last week suggests that there is serious disagreement within the army over the role the military should play in maintaining order.

The arrests have come at a time when there is confusion within the government on how to handle spreading labor and student unrest. High Spanish military officials have told our embassy that the incident does not mean that the specter of the Portuguese "captains' revolt" has been raised in Spain. They admit, however, that the army's delay in announcing the arrests and its withholding of details will heighten public speculation that a subversive plot existed.



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USSR-EGYPT

We present below the principal judgments of an intelligence report on The Soviet Military Presence in Egypt, prepared by our Office of Political Research.

The Soviet military presence in Egypt has always been closely dependent upon the Soviet political base. That presence has fluctuated considerably over the years with the Egyptian government's rapidly changing view of its needs and degree of satisfaction with Soviet military services to Egypt. The prospects for the Soviet presence remain hostage to this highly volatile political relationship.

Past and Present Soviet Military Advantages

The primary military advantage Moscow now enjoys in Egypt is the use of the Egyptian ports of Alexandria and Mersa Matruh to support Soviet naval forces in the eastern Mediterranean. The Soviet Union has in the past enjoyed two other major benefits for operations against the Sixth Fleet:

--Between 1968 and 1972, the Soviets maintained a naval air unit in Egypt which gave the USSR its first land-based air capability in the Mediterranean.

--Between 1970 and 1972, the Soviets were developing an extensive deep water facility at Mersa Matruh controlled by the Soviet navy and for its exclusive use.

All three benefits were granted by Egypt to the USSR as recompense for Soviet services--first in reequipping and retraining the Egyptian armed forces after the 1967 defeat, and then in responding to Nasser's 1970 appeal for installation of a Soviet-manned air defense system in Egypt to halt Israeli raids against Egyptian cities.

Despite these past services, Soviet-Egyptian frictions after Nasser's death produced an abrupt reduction in the Soviet presence.

--On Sadat's orders in July 1972, the 6,600 Soviet air defense combat personnel in Egypt were entirely withdrawn, the 5,500 Soviets providing support and advisory services were reduced to about 200, and the total of all Soviet

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military personnel in Egypt dropped from a peak of nearly 15,000 in 1971 to less than a thousand. This spectacular change was humiliating to the Soviet Union and politically harmful to the Soviet position in the Middle East.

--More important for Soviet military capabilities against the Sixth Fleet, Sadat simultaneously ordered the Soviet naval air unit out of the country and deprived the USSR of its exclusive facility at Mersa Matruh, while allowing Soviet naval vessels to continue to use the services of Egyptian ports.

The Soviet-Egyptian political tensions which produced these changes have not disappeared.

--The Egyptians have chafed at what they have seen as Soviet overbearing ways and aspirations for extraterritorial rights. Sadat has above all resented repeated Soviet delays or reneging on commitments to deliver certain weapon systems, and in 1972 and 1973 he was angered by the conviction that Soviet dealings with the US were inhibiting Soviet willingness to support Egypt.

--The Soviets in turn have resented Egyptian ingratitude for past services and have been alarmed at the post-Nasser trend toward the right in Egyptian political and economic life. In 1974, Moscow was particularly chagrined over Sadat's turn away from the USSR in favor of dealings with the US and closer reliance upon the conservative Arab states, as he sought both US aid in obtaining Israeli concessions and sources of economic and military aid alternative to the Soviet Union.

Soviet Military Concerns and Desires

The Soviets today have both specific concerns and particular ambitions regarding their military presence in Egypt.

--The most important concern is over the preservation of the current Soviet naval right to use Egyptian ports. While the Soviets have a contractual agreement with Egypt for use of these facilities, Sadat has nevertheless several times raised direct or indirect threats to the port rights as a means of pressuring the USSR to fulfill arms supply agreements. There is good evidence that such a threat was raised by Egyptian Foreign Minister Fahmi during his October 1974 talks with Brezhnev.

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--The Soviets would probably regard loss of the use of Egyptian ports as a considerable inconvenience to their Mediterranean operations. The Syrian ports of Latakia and Tartus, also used by the Soviet navy, would offer a partial substitute, but would not serve Soviet needs as adequately, particularly over the near term.

--A second and less urgent concern exists regarding the conditions of Soviet naval use of a reopened Suez Canal. The Soviets probably do not believe that even in a new major Soviet-Egyptian political crisis Sadat would dare to deny them use of the canal. But Moscow is aware that there are various delays and difficulties which Cairo could create, short of outright blocking of Soviet passage. The Soviets would probably welcome some formal assurances from Egypt on this score. Beyond this, they would of course hope for preferential treatment for their vessels over those of the US and NATO, but they would not expect this unless present political conditions change greatly.

In addition, there are undoubtedly military benefits in Egypt which the Soviets would like to regain or acquire if their political relationship with Cairo ever permitted this.

--Near the top of the list would be restoration of the Egypt-based naval air unit. Since its departure, the important gap represented by the lack of adequate air support for Soviet naval units deployed opposite the Sixth Fleet has not been filled.

--There is some evidence to suggest that the Soviets also continue to long for restoration of the facility they were at one time developing at Mersa Matruh for the exclusive use of the Soviet navy.

Contingencies Affecting the Future Soviet Presence

Tensions in the Egyptian-Soviet relationship are such that the chance of Egyptian acceptance of any proposals for an expanded Soviet presence are presently quite small. The Soviets are well aware of this. These odds would improve for the USSR in the event of Egyptian involvement in a new war with Israel, particularly if it led to an Egyptian defeat. In the latter case, circumstances could emerge in which the Egyptian need for Soviet help would become so grave as to induce Sadat to accept, or even to request, additional Soviet forces and facilities in Egypt.

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On the other hand, there is reason to believe that Sadat's ability to fend off any future Soviet pressures for an increased presence would be further strengthened if a significant additional Israeli Sinai withdrawal could be arranged, and the Suez Canal meanwhile reopened. This would satisfy the most essential Egyptian war aims and increase Egyptian incentives to try to remain out of any future Middle East fighting, while reducing Egyptian dependence on prospective Soviet help. There is strong evidence that Sadat's preference is to minimize such dependence on the USSR so far as his political needs permit.

In the absence of a new war, there is some chance that another crisis in Soviet-Egyptian relations, possibly induced by further Soviet reneging on promised arms shipments, could lead Sadat to take sudden action to deny Soviet naval units use of Egyptian ports. Recently Sadat has personally alluded in public to the possibility of abrogation of the Soviet-Egyptian Friendship Treaty, an act which would probably presage action against Soviet port rights. We estimate the chance of such drastic Sadat action over the next twelve months to be on the order of one in three, which is somewhat greater than the chance of his giving the USSR an increased presence.

On balance, over the next year the chances seem somewhat better than even that there will be neither an improvement nor a further reduction in the Soviet military presence in Egypt. This is largely because both leaderships still have important reasons to try to keep their ongoing disagreements from escalating to the breaking point.

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